



# **Multifamily Section 3 Compliance Guide**

*September 2021*



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## Introduction

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968. The purpose of Section 3 “is to help ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.” Section 3 regulations can be found at 24 CFR §75 – *Economic Opportunities for Low- and Very Low-Income Persons*.

## **Chapter 1 – Section 3 Recipients and Responsibilities**

### **1.01 What is a Section 3 Assisted Project**

Section 3 projects are housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000.

The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing. The requirements of Part 75 apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

### **1.02 Who is a Recipient**

A Recipient is any entity who receives Section 3 covered assistance either directly from HUD or from another Recipient.

Examples of Recipients:

- Minnesota Housing
- Owners/developers who receive Section 3 covered assistance from Minnesota Housing and are contracting with others to conduct construction

Examples of who would not be a Recipient:

- Contractors are not Recipients.
- The ultimate beneficiary under a HUD program is not a Recipient. An example of an ultimate beneficiary would be a tenant living in an assisted property.
- Contracts, subcontracts, grants, or subgrants subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25 U.S.C. 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to the requirements of this part.

### **1.03 Recipient Responsibilities**

Minnesota Housing works with Recipients to achieve the requirements of Section 3, which include all of the following:

- Attempt to reach the benchmarks of 24 CFR §75.23
- Inform Recipients of Section 3 requirements

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- Assist Recipients and their Contractors to meet Section 3 requirements and objectives
- Monitor the performance of Recipients with respect to the objectives and requirements of 24 CFR §75

All Recipients are responsible for the actions specified in 24 CFR §75.19. Recipients must:

- Comply with Section 3 in their operations and in the operations of their Contractors and Subcontractors
- Notify potential Contractors of the Section 3 requirements, and incorporate language applying Section 3 requirements in any solicitations and Contracts as described in 24 CFR §75.27
- Obtain the compliance of Contractors and Subcontractors and not enter into Contracts when there is notice or knowledge that a Contractor has violated 25 CFR §75
- Implement procedures designed to notify Section 3 Workers about training and employment opportunities and Section 3 Business Concerns about contracting opportunities generated by Section 3 covered assistance
- To the greatest extent feasible, ensure that employment and training opportunities arising in connection with Section 3 projects are provided to Section 3 Workers within the metropolitan area (or nonmetropolitan county) in which the project is located. Where feasible, priority for opportunities and training should be given to:
  - Section 3 Workers residing within the Service Area or the neighborhood of the project, and
  - Participants in YouthBuild Programs
- To the greatest extent feasible, ensure Contracts for work awarded in connection with Section 3 projects are provided to business concerns that provide economic opportunities to Section 3 Workers residing within the metropolitan area (or non-metropolitan county) in which the project is located. Where feasible, priority for contracting opportunities of this section should be given to:
  - Section 3 Business Concerns that provide economic opportunities to Section 3 Workers residing within the Service Area or the neighborhood of the project, and
  - YouthBuild Programs
- Document steps taken to comply with 24 CFR §75, the results of actions taken and impediments
- Complete referenced appendices found in the Combined Guidance for Compliance (Appendix B) that details responsibilities for completion of each required form
- Recipients must provide this Multifamily Section 3 Compliance Guide and all appendices to prospective Contractors before bidding

Minnesota Housing will provide the Section 3 Compliance Guide at the time of Project launch. Please contact the program manager for more details.

#### **1.04 Contractor/Subcontractor Responsibilities**

The Contractor/Subcontractor is responsible for all of the following:

- If the Contractor/Subcontractor must hire new employees to complete the Project, or needs to subcontract portions of the work to another business, he/she is required to direct newly created employment and subcontracting opportunities to Section 3 Workers, Targeted Section 3 Workers, and Section 3 Business Concerns to try to reach the benchmarks specified below
- Include Appendix F in all Section 3 covered Contracts
- Undertake and document efforts that offer training and employment opportunities to Section 3 Workers and Targeted Section 3 Workers when hiring is required for the Project
- Undertake and document efforts to award Contracts to Section 3 Business Concerns
- Report to the Recipient hiring, contracting and training efforts and results
- Complete referenced appendices found in Appendix B that detail responsibilities for completion of each required form

## **Chapter 2 – Section 3 Contracts and Requirements**

### **2.01 What is a Section 3 Covered Contract**

A Section 3 covered contract is a contract or subcontract, including a professional service contract (architect, engineer, surveyor, etc.), awarded by a Recipient or Contractor for work generated by the expenditure of Section 3 covered assistance or for work in connection with a Section 3 Project. It does not include Contracts for the purchase of supplies and materials without installation.

### **2.02 Who Must Comply with Section 3**

The following must comply with Section 3:

- Recipients exceeding \$200,000 of Section 3 covered assistance, including recipients' Contractors and subcontractors with contracts for housing construction, regardless of the source of funds to pay the contract
- Refer to Section 3 Applicability Flow Chart (Appendix C)

For example, an Owner/Developer (Recipient) combines \$300,000 of HOME Program /National Housing Trust Fund funds with \$120,000 of Project reserves for a total Project cost of \$420,000. Even though the Recipient chooses to pay the \$120,000 contract for heating system replacement with Project reserves, that heating Contractor is subject to Section 3.

### **2.03 What is a Section 3 Business Concern**

A Section 3 Business Concern is a business that can provide evidence they meet one of the following criteria within the last six-month period:

- The business is at least 51% owned by low- or very low-income persons;
- Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 Workers; or
- A business at least 51% owned and controlled by current Public Housing Residents or residents who currently live in Section 8-assisted housing.

To be designated as a Section 3 Business Concern, a self-certification must be completed on HUD's Section 3 [website](#). See Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability (Appendix J). Retain all of the documentation showing that your business meets the requirements of a Section 3 Business Concern. When Minnesota Housing conducts monitoring on Section 3 requirements, the business might be asked to provide all of the necessary documentation to confirm the business's eligibility.

### **2.04 Who is a Section 3 Worker**

A Section 3 Worker is any worker who currently fits, or when hired within the past five years, falls into at least one of the following categories, as documented:



1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD
2. The worker is employed by a Section 3 Business Concern; or
3. The worker is a YouthBuild participant

## **2.05 Who is a Targeted Section 3 Worker**

A Targeted Section 3 Worker for Housing and Community Development Financial Assistance projects is a Section 3 Worker:

1. Who is employed by a Section 3 Business Concern; or
2. Who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
  - (i) Living within the Service Area or the neighborhood of the project, or
  - (ii) A YouthBuild participant

"Service area" or the "neighborhood of the project" means an area within one mile of the Section 3 project, or if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

## **2.06 Determining Income**

Low- and very low-income limits are defined in Section 3(b)(2) of the Housing Act of 1937 and are determined annually by HUD. These limits are typically established at 80% (low) and 50% (very low) of area median individual income. HUD income limits may be obtained from:

<https://www.huduser.org/portal/datasets/il.html>.

## Chapter 3 – Benchmarks

Recipients are evaluated according to how well they meet the following benchmarks (also known as Safe Harbor Standards at 24 CFR §75.23) with respect to Section 3 covered Projects:

For housing and community development financial assistance projects, the benchmark for Section 3 Workers is set at 25% or more of the total number of labor hours worked by all workers on a Section 3 project. The benchmark for Targeted Section 3 Workers is set at 5% or more of the total number of labor hours worked by all workers on a Section 3 project. This means that the 5% is included as part of the 25% threshold.

If reporting indicates Section 3 benchmarks have not been met, the developer must report on the qualitative nature of its activities and those its Contractors and subcontractors pursued per 24 CFR §75.15(b) and §75.25(b).

Such qualitative efforts may, for example, include but are not limited to the following:

- Engaged in outreach efforts to generate job applicants who are Targeted Section 3 Workers.
- Provided training or apprenticeship opportunities.
- Provided technical assistance to help Section 3 Workers compete for jobs (e.g., resume assistance, coaching).
- Provided or connected Section 3 Workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- Held one or more job fairs.
- Provided or referred Section 3 Workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
- Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- Assisted Section 3 Workers to obtain financial literacy training and/or coaching.
- Engaged in outreach efforts to identify and secure bids from Section 3 Business Concerns.
- Provided technical assistance to help Section 3 Business Concerns understand and bid on contracts.
- Divided contracts into smaller jobs to facilitate participation by Section 3 Business Concerns.
- Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 Business Concerns.

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- Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act

## **Chapter 4 – Monitoring and Reporting**

### **4.01 Monitoring and Recordkeeping Requirements**

The development team, which includes but is not limited to the Owner/Developer, Contractor and professional service Contractors, must allow Minnesota Housing and HUD and their representatives to inspect all records related to the Project.

Recordkeeping requirements for recipients are found at 24 CFR §75.31. Recipients are required to maintain documentation to demonstrate compliance with the regulations and are responsible for requiring their Contractors/Subcontractors to maintain or provide any documentation that will assist recipients in demonstrating compliance, including documentation that shows that workers meet the definition of a Section 3 Worker or a Targeted Section 3 Worker; that the hours worked by Section 3 Workers, Targeted Section 3 Workers, and any qualitative efforts to comply with Section 3; and other documentation that may be required by the regulations. Examples of documentation can be found in 24 CFR §75.31.

### **4.02 Section 3 Clause**

All Section 3 covered Contracts must include the Section 3 Clause (Appendix G) in its bid package and Contracts.

### **4.03 Reporting Requirements**

Contractors will be responsible for reporting on Section 3 data in LCPTTracker during the construction period. Minnesota Housing staff will review reports monthly prior to releasing the draw and will reach out to the general contractor as needed.

### **4.04 Enforcement**

Minnesota Housing reserves the right to withhold draw requests if compliance with Section 3 requirements is not met during underwriting and construction.

## Chapter 5 – Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should make sure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Engage in any conduct relating to the provision of housing that otherwise makes unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Deny access to, or membership or participation in, associations or other services, organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires housing providers to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

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As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a housing choice voucher or other form of tenant-based rental assistance.

## **Chapter 6 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting**

### **6.01 Fraud**

Fraud is any intentionally deceptive action made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source, or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the ways described in section 6.05.

### **6.02 Misuse of Funds**

A loan or grant agreement is a legal contract between Minnesota Housing and the borrower or grantee. The borrower or grantee promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the borrower or grantee to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the borrower or grantee must use Minnesota Housing funds as agreed, and the borrower or grantee must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a borrower or grantee; or (2) A borrower or grantee cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the loan or grant agreement.

Any borrower or grantee (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source, or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the ways described in section 6.05.

### **6.03 Conflict of Interest**

A conflict of interest, actual, potential, or perceived, occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A potential or perceived conflict of interest exists even if no unethical, improper or illegal act results from it.

An individual conflict of interest is any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a friend, relative, acquaintance or business or organization with which they are involved.

Organizational conflicts of interest occur when:

- A contracting party is unable or potentially unable to render impartial assistance or advice to Minnesota Housing due to competing duties or loyalties
- A contracting party's objectivity in carrying out the award is or might be otherwise impaired due to competing duties or loyalties
- A contracting party has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan
- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual, perceived or potential conflicts of interest through one of the ways described in section 6.05.

A contracting party should review its contract agreement and request for proposals (RFP) material, if applicable, for further requirements.

#### **6.04 Suspension**

By entering into any agreement with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the agreement) has not been suspended from doing business with Minnesota Housing. Refer to Minnesota Housing's website for a list of [suspended individuals and organizations](#).

#### **6.05 Disclosure and Reporting**

Minnesota Housing promotes a "speak-up, see something, say something" culture whereby internal staff, external business partners (e.g., grantees, borrowers) and the general public are encouraged to report instances of fraud, misuse of funds, conflicts of interest, or other concerns without fear of retaliation. You may report wrongdoing or other concerns by contacting:

- Minnesota Housing's chief risk officer
- Any member of Minnesota Housing's [Servant Leadership Team](#)



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- [EthicsPoint](#), the Minnesota Housing hotline reporting service vendor

## **Certification and Acknowledgement**

\_\_\_\_\_ (name), as the \_\_\_\_\_ (title) of \_\_\_\_\_ (company), hereby acknowledge that I have been provided a copy of and have read Minnesota Housing’s Multifamily Section 3 Compliance Guide, including Appendices, and fully understand and acknowledge, on behalf of, \_\_\_\_\_ (company), the obligation to strictly comply with the requirements set forth therein.

I certify that the information provided in this Certification is true, correct, and accurate.

---

Signature

Date

## Appendix A – Terms

Term	Definition
Contractor	A Contractor awarded a contract for work arising in connection with the Project.
Contracts	An agreement for work arising in connection with a Project.
Employment opportunities generated by Section 3 covered assistance	<p>For Section 3 covered housing and community development assistance as this guide includes, this term means all employment opportunities arising in connection with Section 3 Projects (as described in 24 CFR §135.3(a)(2)), not including most management and administrative jobs connected with the Section 3 covered Project. Professional service contracts for non-construction services that require an advanced degree or professional licensing are not required to be reported as a part of total Section 3 labor hours. However, this exclusion does not cover all non-construction services.</p> <p>However, professional services staff labor hours are permitted to be reported, and PHAs will be given credit for reporting opportunities created for professional services, by including professional services labor hours in the numerator, and not in the denominator, of the reported outcome ratios. The reporting structure in the rule allows a recipient to count any work performed by a professional services Section 3 Worker or Targeted Section 3 Worker as Section 3 labor hours and as Targeted Section 3 labor hours (i.e., in the numerator of the calculation), even when the professional services as a whole are not counted in the baseline reporting (i.e., in the denominator of the calculation). The effect of this reporting structure is to give a recipient a bonus if they are able to report Section 3 hires in the professional services context.</p>
HOME Program Funds/National Housing Trust Fund Funds	Funds awarded under HUD’s programs
HUD	The United States Department of Housing and Urban Development
Low-Income Worker	Families (including single persons) whose incomes do not exceed 80 % of the median income for the area, as determined by the Secretary, with adjustments for

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Term	Definition
	smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80% of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.
Minnesota Housing	The Minnesota Housing Finance Agency
Public Housing Resident	Any individual who resides in public housing as a signatory on a public housing lease, or as a member of the family of the individual(s) who is the signatory on the public housing lease, as defined in 24 CFR §963.5.
Recipient	Any entity that receives Section 3 covered assistance directly from HUD or from another Recipient (e.g., PHA, unit of state or local government, property owner, developer).
Safe Harbor Standards	<p>Section 3 Workers: 25% or more of the total number of labor hours worked by all workers on a Section 3 Project; and</p> <p>Targeted Section 3 Workers: 5% or more of the total number of labor hours worked by all workers on a Section 3 Project.</p> <p>A Recipient that meets the benchmarks set forth in §75.23 will be considered to have complied with the Section 3 preference requirements.</p>
Section 3	Section 3 of the Housing and Urban Development Act of 1968, as amended.
Section 3 Business Concern	<p>A Section 3 Business Concern is a business that meets at least one of the following criteria, documented within the last six-month period:</p> <ol style="list-style-type: none"> <li>1. At least 51% owned and controlled by low- or very low-income persons;</li> <li>2. Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 Workers; or</li> <li>3. A business at least 51% owned and controlled by current Public Housing Residents or residents who currently live in Section 8-assisted housing</li> </ol>

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Term	Definition
Section 3 Project	A new construction, rehabilitation, or other public construction project receiving more than \$200,000 in Section 3 covered assistance.
Section 3 Worker	<p>A Section 3 Worker is any worker who currently fits, or when hired within the past five years fits, at least one of the following categories, as documented:</p> <ol style="list-style-type: none"> <li>1. The worker’s income for the previous or annualized calendar year is below the income limit established by HUD;</li> <li>2. The worker is employed by a Section 3 business; or</li> <li>3. The worker is a YouthBuild participant</li> </ol>
Service Area	“Service area” or the “neighborhood of the project” means an area within one mile of the Section 3 project, or if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.
Targeted Section 3 Worker	<p>A Targeted Section 3 Worker for Housing and Community Development Financial Assistance projects is a Section 3 Worker who:</p> <ol style="list-style-type: none"> <li>1. Is employed by a Section 3 Business Concern; or</li> <li>2. Currently fits, or when hired fits, at least one of the following categories, as documented within the past five years: <ol style="list-style-type: none"> <li>(i) Living within the Service Area or the neighborhood of the project, as defined in 24 CFR §75.5; or</li> <li>(ii) A YouthBuild participant</li> </ol> </li> </ol>
“To the Greatest Extent Feasible”	Every effort must be made to comply with the regulatory requirements of Section 3. By this, the Department means that recipients of Section 3 covered financial assistance should make every effort within their disposal to meet the regulatory requirements. For instance, this may mean going a step beyond normal notification procedures for employment and contracting procedures by developing strategies that

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Term	Definition
	will specifically target Section 3 Workers and businesses for these types of economic opportunities.
Very Low-Income Worker	Families (including single persons) whose incomes do not exceed 50% of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.
YouthBuild Programs	Programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

## Appendix B – Combined Guidance for Compliance

\*\*Definitions per 24 CFR §75 can be found in Appendix A

Appendix and Name	Who Receives Documents from Minnesota Housing	When Minnesota Housing Gives Documents to Owner/Developer/ General Contractor	Who and When are Documents Returned to Minnesota Housing
<b>Appendix B</b> Combined Guidance for Compliance (this appendix)	<ul style="list-style-type: none"> <li>Owner/Developer</li> <li>General Contractor</li> </ul>	<ul style="list-style-type: none"> <li>Part of the MF- Section 3 Compliance Guide</li> <li>Provided at project launch</li> </ul>	<ul style="list-style-type: none"> <li>Owner/Developer</li> <li>Contractors</li> <li>A copy of the Section 3 Compliance Guide and all appendices must be included in all bid packages</li> </ul>
<b>Appendix C</b> Section 3 Applicability Flow Chart (Appendix C is at the end of this document)	<ul style="list-style-type: none"> <li>Owner/Developer</li> </ul>	<ul style="list-style-type: none"> <li>Part of the MF- Section 3 Compliance Guide</li> <li>Provided at the time of selection</li> </ul>	<ul style="list-style-type: none"> <li>Owner keeps for reference</li> <li>A copy of the Section 3 Compliance Guide and all appendices must be included in all bid packages</li> </ul>
<b>Appendix D</b> <a href="#">Section 3 Compliance Checklist</a> <a href="#">Owner/Developer</a> (Recipient)	<ul style="list-style-type: none"> <li>Owner/Developer</li> </ul>	<ul style="list-style-type: none"> <li>Part of the MF- Section 3 Compliance Guide</li> <li>Document found in the Portal</li> </ul>	<ul style="list-style-type: none"> <li>Include in bid packages</li> <li>Include in all Contracts</li> <li>Owner/Developer submits in the Portal</li> </ul>
<b>Appendix E</b> <a href="#">Section 3 Contractor/ Subcontractor Compliance Checklist</a>	<ul style="list-style-type: none"> <li>Owner/Developer</li> <li>General Contractor</li> </ul> <p>Management and administrative jobs*</p>	<ul style="list-style-type: none"> <li>Part of the MF- Section 3 Compliance Guide</li> <li>Document found in the Portal</li> </ul>	<ul style="list-style-type: none"> <li>Contractors</li> <li>Management and administrative jobs</li> <li>Executed by General Contractor; Owner/Developer submits in the Portal</li> </ul>
<b>Appendix F</b> Section 3 Clause	<ul style="list-style-type: none"> <li>Owner/Developer</li> <li>General Contractor</li> </ul>	<ul style="list-style-type: none"> <li>Part of the MF- Section 3 Compliance Guide</li> </ul>	<ul style="list-style-type: none"> <li>Include in all bid packages and Contracts and subcontracts</li> </ul>

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Appendix and Name	Who Receives Documents from Minnesota Housing	When Minnesota Housing Gives Documents to Owner/Developer/ General Contractor	Who and When are Documents Returned to Minnesota Housing
	Management and administrative jobs*	<ul style="list-style-type: none"> <li>• Provided at the time of selection</li> </ul>	
<b>Appendix G</b> <a href="#">Section 3 Training and Opportunity Reporting</a>  This form explains the requirements from 24 CFR §75 – and provides examples of efforts to offer training and employment opportunities to Section 3 Residents	<ul style="list-style-type: none"> <li>• Owner/Developer</li> <li>• General Contractor</li> </ul>	<ul style="list-style-type: none"> <li>• Part of the MF-Section 3 Compliance Guide</li> <li>• Document found in the Portal</li> </ul>	<ul style="list-style-type: none"> <li>• Include in all bid packages</li> <li>• Contractors</li> <li>• General Contractor completes; Owner/Developer submits in the Portal</li> </ul>
<b>Appendix H</b> <a href="#">Section 3 Contracts and Procurement Reporting</a>  This form is to articulate the requirements from 24 CFR §75 – Examples of Efforts to award Contracts to Section 3 Business Concerns; and Examples of Procurement Procedures that	<ul style="list-style-type: none"> <li>• Owner/Developer</li> <li>• General Contractor</li> </ul>	<ul style="list-style-type: none"> <li>• Part of the MF-Section 3 Compliance Guide</li> <li>• Document found in Portal</li> </ul>	<ul style="list-style-type: none"> <li>• Include in all bid packages</li> <li>• Contractors</li> <li>• Retain – must have available during an audit</li> </ul>



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Appendix and Name	Who Receives Documents from Minnesota Housing	When Minnesota Housing Gives Documents to Owner/Developer/ General Contractor	Who and When are Documents Returned to Minnesota Housing
provide preference for Section 3 Business Concerns			
<b>Appendix I</b> Section 3 Resident Income Limit Form	<ul style="list-style-type: none"> <li>• Owner/Developer</li> <li>• General Contractor</li> </ul>	<ul style="list-style-type: none"> <li>• Part of the MF – Section 3 Compliance Guide</li> <li>• Provided at the time of selection</li> </ul>	<ul style="list-style-type: none"> <li>• Include in bid package</li> <li>• Contractors</li> <li>• Return with Project closeout packet</li> </ul>

## Appendix C – Section 3 Applicability Flow Chart

\*Capitalized terms are defined in Appendix A of the Multifamily Section 3 Compliance Guide

Recipient	If Funds Awarded are > \$200,000
Developer	Section 3 is triggered, and the Recipient must ensure Contractors (and Subcontractors) meet Section 3 requirements.
Contractor	
Contractor/Subcontractor	Section 3 is triggered, and Contractors must ensure that Subcontractors are following Section 3 guidelines.
<p><b>NOTE:</b> Section 3 requirements do not apply to “ultimate beneficiaries;” therefore, homebuyers and homeowners are not affected, although they should be encouraged to employ Section 3 Business Concerns.</p> <p>Section 3 applies to all federal funds received. If your Project is receiving funds from multiple sources, consult your other funding sources requiring Section 3 adherence.</p>	